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Consolidated Financial Results for the Six Months Ended June 30, 2022 (Under IFRS)

August 12, 2022

Company name: **Direct Marketing MiX Inc.**
 Listing: Tokyo Stock Exchange
 Securities code: 7354
 URL: <https://dmix.co.jp/>
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 Scheduled date of the submission of quarterly securities report: August 12, 2022
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)
 (Yen amounts are rounded to the nearest million, unless otherwise noted.)

1. Consolidated financial results for the six months ended June 30, 2022 (from January 1, 2022 to June 30, 2022)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
June 30, 2022	18,373	22.3	3,936	34.9	3,915	39.8	2,513	31.3
June 30, 2021	15,026	31.9	2,917	20.4	2,800	17.2	1,914	20.0

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended						
June 30, 2022	2,513	31.3	2,479	29.5	56.42	52.30
June 30, 2021	1,914	20.0	1,914	20.0	47.37	40.04

Note: The Company conducted a 2-for-1 share split of its ordinary shares on January 1, 2022. "Basic earnings per share" and "Diluted earnings per share" have been calculated assuming that the share split was conducted at the beginning of the fiscal year ended December 31, 2021.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%
As of				
June 30, 2022	28,080	13,928	13,928	49.6
December 31, 2021	26,837	11,599	11,599	43.2

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2021	—	0.00	—	10.00	10.00
Fiscal year ending December 31, 2022	—	0.00			
Fiscal year ending December 31, 2022 (Forecast)			—	17.00	17.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes
 Regarding revisions to the cash dividends forecast, please refer to the “Notice Concerning Revisions to Full-Year Consolidated Financial Results Forecasts and Cash Dividends Forecast (Dividend Increase)” released today (August 12, 2022).
 The Company conducted a 2-for-1 share split of its ordinary shares on January 1, 2022. The amounts of dividends per share for the year ended December 31, 2021 are the actual amounts before the share split.

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending December 31, 2022	33,500	10.6	5,500	15.1	5,450	17.4	3,770	17.2

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending December 31, 2022	3,770	17.2	84.63

Note: Revisions to the earnings forecasts most recently announced: Yes
 Regarding revisions to the consolidated earnings forecasts, please refer to the “Notice Concerning Revisions to Full-Year Consolidated Financial Results Forecasts and Cash Dividends Forecast (Dividend Increase)” released today (August 12, 2022).

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at end of the period (including treasury shares)

As of June 30, 2022	44,675,600shares
As of December 31, 2021	44,457,200shares

(ii) Number of treasury shares at end of the period

As of June 30, 2022	300shares
As of December 31, 2021	278shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

For the six months ended June 30, 2022	44,549,450shares
For the six months ended June 30, 2021	40,398,521shares

Note: The Company conducted a 2-for-1 share split of its ordinary shares on January 1, 2022. "Total number of issued shares at end of the period," "Number of treasury shares at end of the period" and "Average number of shares outstanding during the period" have been calculated assuming that the share split was conducted at the beginning of the fiscal year ended December 31, 2021.

*** Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or an audit corporation.**

*** Proper use of earnings forecasts, and other special items**

(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts contained in this report are based on currently available information and certain assumptions determined as rational. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual performance may significantly differ from these forecasts due to various factors in the future.

(Method of accessing contents of quarterly financial results presentation meeting)

On Monday, August 15, 2022, the Company plans to hold a presentation meeting for institutional investors and analysts. The Company plans to post a video of this presentation meeting on its website promptly after the review is held.

Condensed Quarterly Consolidated Financial Statements

(1) Condensed quarterly consolidated statement of financial position

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	5,067,037	6,446,105
Trade and other receivables	4,494,008	4,358,339
Other current assets	140,480	263,116
Total current assets	<u>9,701,525</u>	<u>11,067,560</u>
Non-current assets		
Property, plant and equipment	1,672,583	1,628,217
Right-of-use assets	2,867,517	2,702,095
Goodwill	10,984,224	10,984,224
Other intangible assets	76,916	69,574
Deferred tax assets	495,409	510,699
Other financial assets	1,022,457	1,105,133
Other non-current assets	16,275	12,443
Total non-current assets	<u>17,135,381</u>	<u>17,012,385</u>
Total assets	<u><u>26,836,906</u></u>	<u><u>28,079,945</u></u>

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	4,177,961	3,439,995
Borrowings	768,993	769,470
Income taxes payable	1,078,615	1,401,164
Other financial liabilities	1,014,877	1,014,110
Other current liabilities	1,019,382	915,032
Total current liabilities	8,059,827	7,539,772
Non-current liabilities		
Borrowings	4,972,268	4,590,890
Provisions	358,573	353,198
Other financial liabilities	1,841,879	1,660,190
Other non-current liabilities	5,182	7,463
Total non-current liabilities	7,177,903	6,611,741
Total liabilities	15,237,730	14,151,513
Equity		
Share capital	1,866,828	1,921,685
Capital surplus	1,854,394	1,865,804
Retained earnings	7,824,058	10,115,110
Treasury shares	(463)	(500)
Other components of equity	54,358	26,333
Total equity attributable to owners of parent	11,599,176	13,928,432
Total equity	11,599,176	13,928,432
Total liabilities and equity	26,836,906	28,079,945

(2) Condensed quarterly consolidated statement of profit or loss and Condensed quarterly consolidated statement of comprehensive income

(Condensed quarterly consolidated statement of profit or loss)

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Revenue	15,026,212	18,372,584
Operating expenses	(12,142,126)	(14,447,955)
Other income	36,647	29,548
Other expenses	(3,530)	(18,656)
Operating profit	2,917,203	3,935,522
Finance income	978	1,665
Finance costs	(117,818)	(22,682)
Profit before tax	2,800,362	3,914,504
Income tax expense	(886,562)	(1,401,168)
Profit	1,913,800	2,513,336
Profit attributable to		
Owners of parent	1,913,800	2,513,336
Profit	1,913,800	2,513,336
Earnings per share		
Basic earnings per share (Yen)	47.37	56.42
Diluted earnings per share (Yen)	40.04	52.30

(Condensed quarterly consolidated statement of comprehensive income)

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	1,913,800	2,513,336
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	—	(34,710)
Total of items that will not be reclassified to profit or loss	—	(34,710)
Total other comprehensive income	—	(34,710)
Comprehensive income	<u>1,913,800</u>	<u>2,478,626</u>
Comprehensive income attributable to		
Owners of parent	<u>1,913,800</u>	<u>2,478,626</u>
Comprehensive income	<u>1,913,800</u>	<u>2,478,626</u>

(3) Condensed quarterly consolidated statement of changes in equity

First six months of the fiscal year ended December 31, 2021 (from January 1, 2021 to June 30, 2021)

(Thousands of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance as of January 1, 2021	1,600,000	1,609,578	4,707,624	(69)
Profit	—	—	1,913,800	—
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	1,913,800	—
Increase / decrease in stock acquisition rights	58,237	58,237	—	—
Transfer-restricted stock-based compensation	40,326	(25,666)	—	—
Purchase of treasury shares	—	—	—	(238)
Dividends of surplus	—	—	(100,252)	—
Total transactions with owners	98,563	32,571	(100,252)	(238)
Balance as of June 30, 2021	1,698,563	1,642,149	6,521,172	(307)

	Other components of equity			Total equity attributable to owners of parent	Total equity
	Stock acquisition rights	Financial assets measured at fair value through other comprehensive income	Total other components of equity		
Balance as of January 1, 2021	83,216	—	83,216	8,000,349	8,000,349
Profit	—	—	—	1,913,800	1,913,800
Other comprehensive income	—	—	—	—	—
Total comprehensive income	—	—	—	1,913,800	1,913,800
Increase / decrease in stock acquisition rights	(46)	—	(46)	116,427	116,427
Transfer-restricted stock-based compensation	—	—	—	14,660	14,660
Purchase of treasury shares	—	—	—	(238)	(238)
Dividends of surplus	—	—	—	(100,252)	(100,252)
Total transactions with owners	(46)	—	(46)	30,597	30,597
Balance as of June 30, 2021	83,169	—	83,169	9,944,746	9,944,746

First six months of the fiscal year ending December 31, 2022 (from January 1, 2022 to June 30, 2022)

(Thousands of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance as of January 1, 2022	1,866,828	1,854,394	7,824,058	(463)
Profit	—	—	2,513,336	—
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	2,513,336	—
Increase / decrease in stock acquisition rights	11,232	11,232	—	—
Transfer-restricted stock-based compensation	43,625	178	—	—
Purchase of treasury shares	—	—	—	(37)
Dividends of surplus	—	—	(222,285)	—
Total transactions with owners	54,857	11,410	(222,285)	(37)
Balance as of June 30, 2022	1,921,685	1,865,804	10,115,110	(500)

	Other components of equity			Total equity attributable to owners of parent	Total equity
	Stock acquisition rights	Financial assets measured at fair value through other comprehensive income	Total other components of equity		
Balance as of January 1, 2022	54,358	—	54,358	11,599,176	11,599,176
Profit	—	—	—	2,513,336	2,513,336
Other comprehensive income	—	(34,710)	(34,710)	(34,710)	(34,710)
Total comprehensive income	—	(34,710)	(34,710)	2,478,626	2,478,626
Increase / decrease in stock acquisition rights	6,684	—	6,684	29,149	29,149
Transfer-restricted stock-based compensation	—	—	—	43,802	43,802
Purchase of treasury shares	—	—	—	(37)	(37)
Dividends of surplus	—	—	—	(222,285)	(222,285)
Total transactions with owners	6,684	—	6,684	(149,371)	(149,371)
Balance as of June 30, 2022	61,043	(34,710)	26,333	13,928,432	13,928,432

(4) Condensed quarterly consolidated statement of cash flows

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before tax	2,800,362	3,914,504
Depreciation and amortization	467,197	711,471
Loss on sale and retirement of fixed assets	648	17,993
Increase (decrease) in allowance for doubtful accounts	5,945	233
Finance income	(978)	(1,665)
Finance costs	117,818	22,682
Share-based remuneration expenses	28,082	53,062
Accrued paid absences	96,574	59,184
Decrease (increase) in trade and other receivables	(1,116,857)	(340,026)
Increase (decrease) in trade and other payables	(92,239)	(684,228)
Increase (decrease) in provision for bonuses	63,236	(78,857)
Other	(233,596)	(209,555)
Subtotal	2,136,190	3,464,799
Interest received	18	24
Interest paid	(29,423)	(11,838)
Income taxes paid	(590,711)	(603,156)
Net cash provided by (used in) operating activities	1,516,075	2,849,830
Cash flows from investing activities		
Purchase of property, plant and equipment	(222,485)	(181,938)
Purchase of intangible assets	(9,810)	(7,930)
Payments of leasehold and guarantee deposits	(214,741)	(48,211)
Other	(70,437)	(84,380)
Net cash provided by (used in) investing activities	(517,474)	(322,459)
Cash flows from financing activities		
Repayments of long-term borrowings	(6,755,000)	(386,660)
Proceeds from long-term borrowings	6,000,000	—
Dividends paid	(100,252)	(222,285)
Proceeds from exercise of share acquisition rights	103,006	19,889
Purchase of treasury shares	(238)	(37)
Repayments of lease liabilities	(353,651)	(559,210)
Net cash provided by (used in) financing activities	(1,106,136)	(1,148,303)
Net increase (decrease) in cash and cash equivalents	(107,535)	1,379,068
Cash and cash equivalents at beginning of period	3,692,215	5,067,037
Cash and cash equivalents at end of period	3,584,680	6,446,105